

1
2
3
4 UNITED STATES DISTRICT COURT
5 DISTRICT OF NEVADA

6 * * *

7 BANK OF AMERICA, N.A.,

8 Plaintiff,

9 v.

10 LONE MOUNTAIN QUARTETTE
11 COMMUNITY ASSOCIATION et al.,

12 Defendants.

Case No. 2:17-cv-01434-KJD-CWH

ORDER

13 Presently before the Court is Plaintiff's Motion for Partial Summary Judgment (##23, 31).
14 Defendants filed a response (#32) to which Plaintiff replied (#36).

15 **I. Background**

16 This case emerges from the non-judicial foreclosure sale on or about December 30, 2010
17 of the property located at 4155 Sparrow Rock Street, Las Vegas, Nevada 89129 ("Property").
18 This case shares a similar fact pattern with many cases currently pending before this Court, all
19 having to do with HOA foreclosure sales. The several motions presently pending before the
20 Court center in whole or in part around the question of what notice of default the foreclosing
21 party was required to provide Plaintiff prior to its foreclosure sale on the Property. After the
22 Nevada Supreme Court's decision in SFR Investments Pool 1 LLC v. U.S. Bank, the Ninth
23 Circuit decided Bourne Valley Court Trust v. Wells Fargo Bank, NA, 832 F.3d 1154, 1160 (9th
24 Cir. 2016), holding NRS 115.3116(2)'s statutory notice scheme was facially unconstitutional. In
25 light of Bourne Valley, what notice an HOA must provide prior to foreclosing on a superpriority
26 lien remains uncertain.

27 //

28 //

1
2 **II. Analysis**

3 **A. Certified Question**

4 On April 21, 2017, in Bank of New York Mellon v. Star Hills Homeowners Association,
5 this Court certified the following question to the Nevada Supreme Court: “Whether NRS §
6 116.31168(1)’s incorporation of NRS § 107.090 requires homeowners associations to provide
7 notices of default to banks even when a bank does not request notice?” Bank of New York
8 Mellon v. Star Hill Homeowners Assoc., 2017 WL 1439671, at *5 (D. Nev. April 21, 2017).

9 In granting certification, the Court reasoned the following: In Bourne Valley, the Ninth
10 Circuit definitively answered the question that the statute’s “opt-in” framework was
11 unconstitutional. Bourne Valley Court Trust v. Wells Fargo Bank, NA, 832 F.3d 1154, 1160 (9th
12 Cir. 2016). However, that leaves this Court with the unresolved question of what notice must be
13 provided. “It is solely within the province of the state courts to authoritatively construe state
14 legislation.” Cal. Teachers Ass’n v. State Bd. of Educ., 271 F.3d 1141, 1146 (9th Cir. 2001). As
15 such, state law questions of first impression like this one should be resolved by the state’s
16 highest court. See Huddleston v. Dwyer, 322 U.S. 232, 237 (1944). Allowing the Nevada
17 Supreme Court to answer this question before considering any other motions will provide this
18 Court the necessary guidance as to how to handle the issues of notice and actual notice in light of
19 Bourne Valley.

20 In Bank of New York Mellon, the Court did not and could not rely upon any controlling
21 state law as to the requirements of notice. This Court faces the same predicament here. An
22 answer to the above already certified question will provide much needed clarity, and may be
23 dispositive of many of the issues currently before the Court in this case.

24 **B. Stay of the Case**

25 The pending motions in this case implicate the previously certified question regarding
26 what notice state law requires. To save the parties from the need to invest further resources into
27 the issues surrounding the notice requirement, the Court *sua sponte* stays all proceedings in this
28 case and denies all pending motions without prejudice.

1 A district court has the inherent power to stay cases to control its docket and promote the
2 efficient use of judicial resources. Landis v. North Am. Co., 299 U.S., 248, 254-55 (1936);
3 Dependable Highway Exp., Inc. v. Navigators Ins. Co., 498 F.3d 1059, 1066 (9th Cir. 200).
4 When determining whether a stay is appropriate pending the resolution of another case—often
5 called a “Landis stay”—the district court must weigh: (1) the possible damage that may result
6 from a stay; (2) any “hardship or inequity” that a party may suffer if required to go forward; and
7 (3) “the orderly course of justice measured in terms of the simplifying or complicating of issues,
8 proof, and question of law” that a stay will engender. Lockyer v. Mirant Corp., 398 F.3d 1098,
9 1110 (9th Cir. 2005). Weighing these considerations, the Court finds that a Landis stay is
10 appropriate.

11 *1. Damage from a stay*

12 The only potential damage that may result from a stay is that the parties will have
13 to wait longer for resolution of this case and any motions that they have filed or intend to file in
14 the future. But a delay would also result from any rebriefing or supplemental briefing that may
15 be necessitated pending the Nevada Supreme Court’s answer to the certified question. It is not
16 clear that a stay will ultimately lengthen the life of this case.

17 Additionally, a stay of this case pending resolution of the certified question is
18 expected to be reasonably short. This Court certified the question approximately nine months
19 ago, and briefing on the pending petition in Nevada’s Supreme Court is completed. Because the
20 length of this stay is directly tied to the petition proceedings in that case, it is reasonably brief,
21 and not indefinite. Thus, the Court finds only minimal possible damage that this stay may cause.

22 *2. Hardship and inequity*

23 Both parties equally face hardship or inequity if the Court resolves the claims or
24 issues before the certified question has been resolved. And in the interim, both parties stand to
25 benefit from a stay, regardless of the outcome of the question. A stay will prevent any additional,
26 unnecessary briefing and premature expenditures of time, attorney’s fees, and resources.

27 //

28 //

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28

2
3
4
5
6
7
8
9
10
11

12
13
14

15

16
17

18

19

20
21
22